

SAPC 2387

COPY 1 OF 1

SECRET

October 28, 1955

CMCC Doc. No. 151.719

Copy 1 of 2

Page 1 of 1

Dear George:

25X1A I am not sure whether you wish to approve the larger dollar value purchases of components that we are making for the production of System No. 1 equipment, or whether you wish only to approve the substantial dollar purchases under the research and development program. If the former is correct, and I am inclined to assume that it would be, we should like to advise you that we have placed our Purchase Order No. 9790 to [] to cover the procurement of 51 each of the magnetic recording and erase heads required for the System No. 1 recorders, and for 52 playback heads. This order represents substantially less than half the total number required for fulfillment of our contractual commitments.

The amount of Purchase Order No. 9790 totals \$12,533.25. This covers the procurement of:

- 51 Record Heads, Type 50401421 at \$107.00 each
- 51 Erase Heads, Type 50401420 at \$28.75 each
- 52 Playback Heads, Type 50401422 at \$110.00 each

The prices above were quoted to us on lots of 51 through 200 heads of each kind indicated.

25X1A A quotation dated September 22, 1955 was received from [] 25X1A
[] for the same items of equipment. They quoted a flat rate of \$96.00 on each head type, making their total price for a set of three heads \$42.25 higher than the [] price. 25X1A

25X1A Bids were requested also from [] Enterprises on May 16, 25X1A
1955, from [] on May 11, and from [] on June 2, 1955. 25X1A
None of these companies wished to bid on the heads. A bid is currently in preparation by the [], covering the remainder 25X1A
of our requirements. At present, it is uncertain whether [] will be able to submit a bid and supply a prototype at a date early enough to permit consideration of that company as a second source.

In view of the data provided above, we should like to secure your approval for the purchase order issued to the [] Company. 25X1A

Sincerely,

Burt
BurtApproved by
Eric T. []**SECRET**